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TRADE AND DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 484th MEETING

held at the Palais des Nations, Geneva,
on Monday, 23 January 1978, at 5.10 p.m.

President: Mr. de ALWIS (Sri Lanka)

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and

Consideration of proposals made by developing countries and of other views expressed at the first session of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries as reported in document TD/B/670 (agenda item 3)

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PURSUANT TO CONFERENCE RESOLUTION 94 (IV), REVIEW OF ACTIONS CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/635 and Add.1-3; TD/AC.2/9)

and

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REPORTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/685 and Add.1-3, UNCTAD/OI/1022)

1. Mr. KAMU (Pakistan), Chairman of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, introducing the Group's report on its second session (TD/B/685 and Add. 1-3), said that the report should be read in conjunction with the report of the Group on its first session (TD/B/670). The mandate of the Group of Experts, at its second session, had been laid down clearly by the Board and consisted in preparing for items 2 and 3 of the agenda for the Board's present session.

2. While the experts from the Group of 77 had wished to focus attention immediately on the proposals and views presented at the first session, Group B had considered that the first requirement was an in-depth analysis of the debt situation, after which a frank dialogue should be established between experts of various groups, in order to assist the Board when it met at ministerial level. That was why chapter I of the report was entitled "Analysis of the debt situation of developing countries". It was supplemented by texts submitted jointly by Group B and individually by Sweden and the United States of America (TD/B/685/Add.1), the Group of 77 (TD/B/685/Add.2) and Group B (TD/B/685/Add.3).

3. Chapter II dealt with agenda item 2, and overlapped with that aspect of agenda item 3 which concerned future debt reorganization operations. For the consideration of that part of agenda item 3, the Group of Experts had had before it a note prepared by the UNCTAD secretariat, entitled "Selected issues relating to the establishment of common norms in future debt reorganizations" (TD/AC.2/9), and the proposal on future debt reorganization submitted by the Group of 77 at the first session of the Group of Experts (TD/B/670, annex II). It had also had before it the proposal of the European Economic Community and the United States of America submitted at the Conference on International Economic Co-operation (TD/B/685/Add.1, annex I A, appendix I).

4. The experts from the Group of 77 had felt that there was scope for discerning common features, norms or guidelines in those three documents, which might provide a good basis for further Board discussions. The experts from Group B, on the other hand, had felt that a detailed comparison of the EEC/United States proposals and the Group of 77 proposals would be premature, as those two groups started out from different concepts which, moreover, diverged fundamentally at the practical level. The expert from Sweden had said that he fully recognized the pertinence and value of the EEC/United States proposals, but hoped, nevertheless, that it

would be possible to arrive at a compromise between the two sets of proposals, both of which contained useful elements. Because of those differences, the experts had been unable to undertake a detailed, comparative study of the various proposals on future operations.

5. Chapter III dealt with agenda item 3, but referred only to proposals on immediate and generalized debt relief. The Group of Experts had had before it a proposal submitted by the Group of 77 at its first session (TD/B/670, annex I), and the views expressed by the other Groups and by Sweden on that occasion. The spokesman for the Group of 77 had expressed appreciation of the initiatives taken by Canada, the Netherlands, Sweden and Switzerland to relieve the official debt of certain developing countries and had requested details of action taken to implement the Special Action Programme adopted at the Conference on International Economic Co-operation. Group B had then circulated a document (TD/B/685/Add.1, annex I A) giving some details, but some of its experts had emphasized that the Special Action Programme had been conceived solely to assist individual low-income developing countries to meet their immediate needs for additional aid and in no way constituted generalized debt relief. The Group of 77 experts, while recognizing that the Programme did not in itself constitute a debt relief measure, had maintained that some countries had adopted measures which were clearly in the nature of debt relief, thereby showing the feasibility of the proposals on immediate debt relief made by developing countries. The expert from Sweden had submitted a memorandum (TD/B/685/Add.1, annex I C) suggesting that further preparatory work should focus on the possibility of reaching agreement on a draft resolution regarding the debts contracted by the poorest developing countries under the head of official development assistance and containing the general outline of such a resolution.

6. The experts of Group B had once again participated actively in the discussions and their views were set forth in paragraphs 18-19 and 36-37 of the report, and in the document submitted by that Group (TD/B/685/Add.1).

7. In short, the Group of Experts had recognized, from the first session, the crucial importance of [illegible] action to relieve the debt problems of developing countries and the fact that their solution was in the interest of debtor and creditor countries alike. The second session had not led to any agreed conclusions, but, while there had been no narrowing down of differences, at least it had provided an opportunity for increased mutual understanding of views.

8. Mr. LI Chang (China) observed that in some of the texts contained in annex I to the report of the Intergovernmental Group of Experts (TD/B/685/Add.1), Taiwan and Hong Kong were referred to as countries. For example, the text submitted by the United States of America (annex I F) referred to Taiwan province as "China" or "China (Taiwan)" and listed it as a country. That was absolutely unacceptable. Furthermore, the text submitted on behalf of Group B (annex I F) also referred to Taiwan as a country. The Chinese Government regarded Taiwan as an inseparable part of China, and not a country. The repudiated Chiang clique, which was entrenched in the province of Taiwan, was in no way qualified to represent China.

9. With respect to Hong Kong, which was a product of unequal treaties imposed by imperialism, his Government had always maintained that the problem would be resolved in an appropriate manner when conditions were ripe. Accordingly, it was erroneous to refer to Hong Kong as a country.

10. The Chinese Government therefore considered that the parties concerned should take steps to delete those references.

11. Mr. PEYRE (France), speaking on behalf of Group B, said he wished to assure the Chinese delegation that it was not the Group's intention to question the present status of the various territories placed under the sovereignty of China or having special links with it. With regard to the text submitted by Group B, the designations employed and the presentation of material in that text did not imply the expression of any opinion whatsoever on the part of the Group concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. With regard to the second document referred to, Group B would be prepared to accept any solution which would give satisfaction to China.

The meeting rose at 5.40 p.m.